

# The Chronicle



## Banking, Insurance and Finance

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### BANKING AND AGRICULTURE.

The conference which is to be held at Winnipeg in July between the Western Bankers' Association and representative agricultural organisations with the purpose of arranging means and methods for short-term and livestock loans to farmers on security that is suitable to the banks, suggests very interesting possibilities. The great desirability for the supply of credit to farmers, at reasonable rates, for specific purposes in the way of production does not now need argument. The bankers themselves have been foremost in recent years in encouraging Western agriculturalists to develop mixed farming, and they have backed up their preaching by the extension of financial facilities for the purpose, so far as they have been able. The main difficulty met with appears to have been the matter of security satisfactory to the banks. However willing the bankers may be to extend credit for these purposes, they can hardly be expected to give it on poor or unsatisfactory security. Some attempts to overcome this difficulty have recently been made on the initiative of the banks in the West, and with success, one of these, that at Elfros, Sask., being described on this page a fortnight ago.

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In the current number of the Grain Growers' Guide, a leading Western banker, Mr. Vere C. Brown, the well-known superintendent of Central Western branches of the Canadian Bank of Commerce, has an extremely suggestive article on the essentials of a plan for the extension of short-term agricultural credits through the formation of co-operative credit associations. Mr. Brown points out that three associations of this kind already in existence have not only rendered it possible for farmers to obtain credit which they could not otherwise have obtained but to obtain it at a rate of seven per cent.—one or two per cent. lower than the prevailing rates for farmers' individual borrowings. As to the feasibility of the wide extension of the principle of co-operative borrowing, Mr. Brown thinks that it depends upon how far the farmers are willing to

go in this form of co-operation. For the farmers merely to pool their credit will not suffice. The men most in need of credit are the farmers of small means whose credit needs some fortifying. Consequently farmers should be prepared to pool their assets, and also to submit to regulation by the directors of the association not only as to their bank credit, but as to their credit from others than the bank. The principal reason the quarter-section farmer finds it difficult to obtain bank credit, says Mr. Brown, is because in all three prairie provinces his land and equipment are exempt from execution, while in Saskatchewan the law even prevents farmers from mortgaging exempt chattels. This being so, it is extremely doubtful whether the collective obligation of a number of farmers possessing nothing but exemptions would carry appreciably more weight than their individual obligations for separate borrowings. Therefore, before a co-operative credit association could borrow freely to provide credit for small farmers, a pooling of the assets of their members would be necessary, by means of a mortgage—which would usually have to be a second mortgage—of their land and possibly also their chattels, so that the association would have security at the start on the lands and equipment of its members. The co-operative credit association should also have power to regulate the taking of credit by its members for more land, additional equipment, improvement, etc.

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Particular stress is laid by Mr. Brown on the desirability of western farmers getting themselves into a position where they can obtain all their floating credit from the banks, and get the full cash discount on all their purchases. Until they have succeeded in doing this, says Mr. Brown, they will not enjoy the full fruits of their labours. When farmers have cut out the wastage of interest and bad debts which now figure so largely in the cost of what they buy on credit, he says, they will incidentally have placed themselves in a position

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